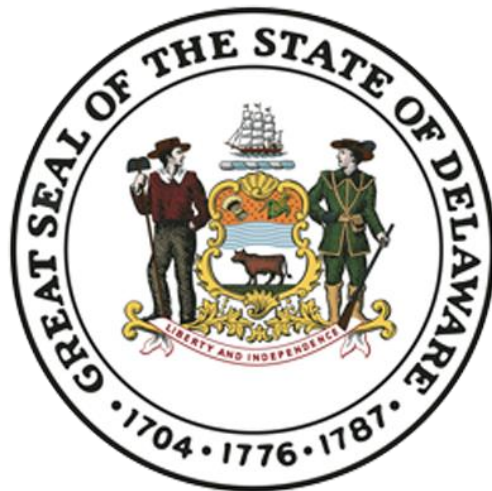

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

12/20/2014



DELAWARE ECONOMIC DEVELOPMENT OFFICE



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Overview

Boasting an environment that combines a low cost of living with a high quality of life, Delaware is a uniquely attractive home to both businesses and residents. These qualities can be attributed to a number of factors, including the State's low taxes, strong business climate, and high workforce productivity among others. These factors contribute to sustaining Delaware's diverse core industries; aerospace and aviation, agriculture, chemistry, financial services, life and material sciences, and tourism.

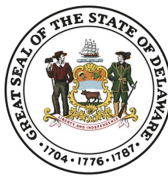
Since the end of the recent recession, Delaware has seen a slow but steady pattern of growth. Unemployment dropped to 5.8% in April 2014, but is still unacceptably high by historical standards. The financial services sector, after some retrenchment, has experienced some recent cautious expansion. Tourism has continued to sustain its growth as fuel prices stabilized and then declined. Agriculture and manufacturing growth is still slow, especially in terms of job growth as companies invest more in technology instead of workers. Nationally, the economic outlook is positive but uncertain, as tepid growth seems to be the consensus.

It is in this context of a muddled economic picture that a new normal appears to be emerging for Delaware. But every problem is an opportunity, and in Delaware's current economic situation this axiom holds true in several distinct ways. Fortunately, the majority of Delaware's future economy will likely be based on many of its current most important sectors and other sectors with growth potential that have strong connections with, if not roots in, in Delaware's core industries.

Federal law and regulation requires the development and regular updating of a Comprehensive Economic Development Strategy (CEDS) as a fundamental requirement to accessing federal Economic Development Administration (EDA) funding for economic development projects.

This provides Delaware the opportunity to review the economy, evaluate where probabilities for growth exist and combine them into a focused, proactive strategy. The CEDS is intended to support the state's efforts to grow its economic base and to position itself for future sustainable private sector growth in both jobs and income. Additionally, updating the CEDS is a required step in maintaining eligibility to obtain federal assistance for key projects that will enhance the growth of commerce and industry in the State.

The result of this work is a Delaware Comprehensive Economic Development Strategy detailing a series of initiatives that will support the private sector in shaping Delaware's economy in the future. This plan has four interlocking strategies:



Enhance Business Resources: Initiatives that focus on providing the critical educational and infrastructure resources necessary to attract and retain growing, sustainable businesses and the workers they require.

Retain the Critical Core: Programs that focus on the retention and expansion of existing business and industry.

Recruit the Future: Approaches that focus on the attraction of new business and industry compatible with Delaware's future economy and sustainable in the long term.

Rejuvenate the Foundation: Programs that focus on job creation through revitalization of established business centers, innovation, entrepreneurship, research and development, and commercialization of new products and processes.

The CEDS serves as a framework for decision making based on the facts at a given time. Because change is inevitable and not always gradual, a plan must be flexible and adapt to change. Its purpose is to guide the investment of vital State resources to maximize the health and vitality of Delaware's economic future. President Dwight D. Eisenhower once said, "Plans are worthless, but planning is everything." The truth is strategies are almost always off center as soon as the information hits the paper. Since a strategy is a prediction about the future and no one has that clear a vision, it is destined to be inaccurate and require revision. This strategy is a work in progress that will evolve as Delaware's economy evolves.

Why a CEDS?

A CEDS is a requirement to accessing federal Economic Development Administration (EDA) funding for economic development projects. Beyond that, a CEDS functions as a focused, proactive approach to support a state's efforts to grow its economic base and position itself for future sustainable growth in jobs and income. A CEDS create a framework for decision making. An effective strategy is anchored by analysis of the factors currently impacting the economy positively and negatively. After assessing the many forces involved, a CEDS highlights the most pressing issues and proposes approaches to overcome the challenges and expand the positives. Based on the goals and objectives created, a CEDS includes specific, complementary actions that build a cohesive and detailed path forward.

A CEDS process provides the opportunity to define economic development priorities and to provide a framework for helping the State of Delaware determine how to best utilize its limited resources. Additionally, the framework provides a basis for recommending projects for EDA funding and is required as a precondition for funding under most EDA programs. However, the adoption of a CEDS does not carry a commitment of funding from the State of Delaware for any project or projects. A CEDS only provides projects the opportunity to apply for EDA funding.



ECONOMIC ANALYSIS DETAIL

Background and Delaware's Current Position

This section is a snapshot of Delaware's current economy compiled by a thorough review of data on the economy, population, geography, workforce, transportation access, resources, environment, and other pertinent information.

Benchmark States

To provide a more accurate perspective than the one provided by comparison to the United States as a whole, this report benchmarks Delaware against other states in the Mid-Atlantic region in certain data categories. These states are Maryland, Pennsylvania, New Jersey and Virginia. In addition to geographic proximity, these benchmarks share many economic, demographic and climatic characteristics with Delaware. Considering these similarities, the CEDS evaluates the divergences of the data between Delaware and the benchmark states in order to identify the strengths and weaknesses on which to focus. While Delaware is most often compared to regional benchmarks in the CEDS, national figures were used where available and applicable.

In General

The Good:

- Governor is committed to and personally engaged in economic development efforts.
- Northern Delaware is strategically located relative to the major business centers of the Northeast corridor.
 - Wilmington is about two hours from both New York City and Washington, D.C., one hour from Baltimore and thirty minutes from Philadelphia.
 - Northern Delaware is connected to all by excellent passenger and freight rail and road systems.
- Excellent and broad infrastructure assets, port, airports, highway and rail for a geographically small place.
- Mid- and southern Delaware have outstanding natural resources and features that support two of Delaware's Core Industries and enhance the quality of life for all citizens.
- The economy is still very broad and diverse
- Highly regarded post-secondary education resources, both public and private.
- Delaware citizens enjoy a high quality of life and a relatively low cost of living.
- Delaware is known for predictable labor costs and stable labor relations.
- Delaware's workforce has proven to be dedicated and has strong core skills that, with proper training, can be applied to other industries.



The Not So Good:

- Manufacturing has declined severely including the loss of the entire auto manufacturing industry and many of its ancillary suppliers.
- Unemployment spiked from 3.4% in January 2007 to 9.2 % in March 2010 and has since declined to 5.8% in April, 2014.
- Beyond manufacturing, other cores business sectors such as Agriculture, Chemical and Financial Services all saw significant reductions in employment both during and immediately following the recession and have been slow to recover.
- Limited public transportation
- High utility costs
- Limited State and Local government fiscal capacity
- Somewhat difficult development regulatory environment
- Aging and limited flex and industrial space with limited opportunity to add such space

The Specifics

Gross Domestic Product:

- Delaware's Gross Domestic Product for the Private Sector was \$51.2 billion in 2012. It has increased almost 5% since the recession low in 2008 but is still below the previous high of \$51.7 billion in 2007.

Population, Labor Force & Income:

- Between 2002 and 2012, Delaware experienced population growth of 13.6%, higher than any of the benchmark states.
- However, labor force growth lagged all but two other states at 6.3%.
- Although the population is aging, Delaware is exactly in the middle of the benchmark states with median age of 39.1 years of age.
- Delaware is fourth in the percent of the population in the critical workforce age group of 25 – 44. Only Pennsylvania has a lower percentage.
- Approximately 14.4% of the population is 65 years old or older and there has been a 67% population growth in the 55-plus category in the past twenty years, more than 50% faster than the national average.
- According to the US Bureau of Labor Statistics, Delaware's labor force participation rate has declined more than any other benchmark state since March, 2008; from 66.0% of the labor force to 61.5% in March 2012 and is the lowest among the benchmarks.



- Delaware has a lower median income and lower per capita income than all but one of the benchmark states and income growth has been modest.
- Approximately 60% of Delawareans make more than \$50,000 annually and around 25% of Delawareans earn more than \$100,000 annually.
- Delaware's average weekly wage was higher than only Pennsylvania's among the benchmarked states.

Employment and Job Growth:

- Over the past decade, the number of jobs in Delaware has increased by 2.2% but the number of businesses declined by 2.7%.
- Services, health care and government comprise the largest employers and the sectors that continue to grow in today's economy.
- In 2012, the breakdown of total jobs in the major sectors (excluding government) was:
 - Education & Healthcare - 68,100 (16.7%)
 - Business & Professional Services - 56,300 (13.8%)
 - Retail Trade - 50,600 (12.4%)
 - Leisure & Hospitality - 43,400 (10.7%)
 - F.I.R.E. - 42,300 (10.4%)
 - Manufacturing - 25,800 (6.34%)

*Source: BLS Quarterly Census of Employment & Wages 2012

- The majority of job growth occurred in Education & Healthcare, Hospitality and Leisure and Government.
- The vast majority of job losses in Delaware were in the manufacturing sector, primarily auto and its related businesses and suppliers.
- Job losses in manufacturing represented 44% of all jobs lost over the past decade. Replacing so many high wage jobs and their strong economic multiplier effects is difficult in a national and state economy increasingly oriented to service and information based industries.

Economic Variables:

- Delaware's urban areas combined cost of living index is lower than all of the benchmark states except for the Richmond, VA area.
- Delaware's electric rates are about average for the region but are at least 24% higher than the national average, a significant disincentive to manufacturing firms.
- The number of patents per capita is high in Delaware at 53 patents per 100,000 people.
- Delaware's median home price is the 2nd lowest relative to the benchmark states. Dover and Wilmington are the least expensive places to live with the exception of Richmond, Virginia. Delawareans pay an average of 9% less for owner-occupied housing than benchmark states and median rent is 5% less than the average for all benchmark states and the US.



Transportation:

- Air Service.
 - Frontier Airlines recently expanded its commercial air service to New Castle Airport providing a limited option to the broader services offered at Philadelphia International Airport and BWI Marshall Airport.
 - Delaware has excellent corporate and private aircraft basing opportunities at the Dover Air Force Base, New Castle County Airport and the Georgetown/ Sussex Airport.
 - Air cargo services are expanding; however, it is still limited in some areas of the State. Air cargo services are robust from Philadelphia.
- Highway Transportation
 - Delaware's average commute is in line with the national average and has the lowest commute time of the benchmark states.
 - Major automotive routes include Interstate 95, DE Route 1, U.S. Route 202, U.S. Route 13, U.S. Route 40, U.S. Route 301, DE Route 8, and U.S. Route 113. Significant upgrades have recently been completed on I-95, DE Route 1 and several other primary highways. In addition, the State is analyzing the upgrading of a major segment of U.S. Route 301 from the Maryland line to DE Route 1.
 - Located on a peninsula surrounded by water, Delaware's transportation access is dependent on key inter-State or out-of-State transportation facilities. They include the Commodore Barry Bridge between Pennsylvania and New Jersey; the Chesapeake Bay Bridge between Maryland's Eastern and Western shores; the Delaware Memorial Bridge between Delaware and New Jersey; the Cape May-Lewes Ferry between Delaware and New Jersey and the Amtrak Northeast Corridor Rail Bridge over the Susquehanna River.
 - Trucking costs in the central and southern parts of the state are an issue that impacts business attraction. As a result of limited backhaul, businesses may have to pay roundtrip rates for one way shipments.
- Port of Wilmington
 - The Port of Wilmington covers 308 acres and is readily accessible to US East Coast markets via Interstate 95. Rail access to the Port is available via Norfolk Southern and CSX Transportation with railcar loading docks located next to terminal warehouses.
 - The Port of Wilmington currently handles five million tons of waterborne cargo annually.
 - The Port of Wilmington is the Port of Entry for Foreign Trade Zone 99. Unique to Delaware, any location in the entire State is eligible for Foreign Trade Zone status under the Alternative Site Framework (ASF).
- Public Transportation
 - DART First State provides transportation services statewide with over 400 buses and 57 year round bus routes plus its 8 bus route Sussex County Resort Summer Service and Para transit service. DART First State's Para transit service provides



individuals with disabilities a comparable level of service that is provided to individuals without disabilities who use the fixed route system.

- Rail Service
 - Intercity passenger rail service is provided by AMTRAK on its Northeast Corridor. Commuter rail service is provided by Southeastern Philadelphia Transportation Authority (SEPTA) on the Northeast Corridor from Newark, DE to Philadelphia. There is no downstate passenger service.
 - CSX and Norfolk Southern provide rail freight service to Delaware. CSX serves primarily the Port of Wilmington and limited customers in New Castle County; Norfolk Southern has recently upgraded infrastructure and increased service throughout the State in recent years.
 - DART First State serves New Castle County with commuter rail services to and from Philadelphia.

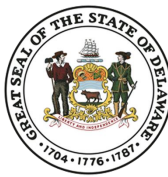
Economic Influencers:

Taxes:

- No sales or personal property taxes are levied.
- Delaware's personal adjusted gross income for tax purposes tracks the federal income tax for deductions but the top marginal rate of 6.75% ranks second highest among benchmark states.
- Delaware's Total Personal State and Local Tax burden in 2011 according to the Tax Foundation was 2nd lowest among the benchmark states.
- However, per capita individual income tax collections in 2011 were the highest among the benchmark states.
- Delaware is the best ranked state among the benchmarks states in the Tax Foundation's 2014 State Business Tax Climate rankings, 13th in the nation but ranks 50th in Corporate Taxes.

Education:

- Delaware 11th grade SAT scores are the lowest among the benchmarks in all categories. The average scores are lowered by Delaware being one of only three states in nation, none of them benchmark states, which require all students to take the SAT, regardless whether they plan on attending college.
- Delaware has the second-highest percentage of individuals with high school diplomas when compared to benchmark states but ranks in the middle for those with Bachelor degrees or higher.
- Delaware offers broad opportunities for post-secondary education through five colleges and four universities. This is complemented by the extremely high number of colleges, universities and technical schools within a 100-mile radius.



- Delaware ranks last among benchmarks in associate degrees awarded per 1,000 population; third in number of bachelors, second in number of masters and third in doctorates.

Conclusion:

Delaware's economy, while exhibiting signs of recovery, continues to struggle to break out of the recession-caused malaise. This trend mirrors the national economy with job growth coming primarily in lower wage sectors. A recent uptick in housing sales has increased construction activity whose effects will ripple through the economy but nowhere near the levels needed to have a large impact on overall economic growth. The recent addition of employment in the financial services sector is welcome and is anticipated to continue at modest levels over time. But it is clear that the current levels of economic activity and growth are not sufficient to either reduce unemployment significantly in the short term or provide a foundation for sustainable growth in higher wage industries and jobs. Delaware, along with its neighbors, must find ways to alter this pattern and stimulate new employment and investment by the private sector.



DELAWARE'S CORE BUSINESS SECTORS

What used to be the three “C’s” that formed the base of Delaware’s economy, **C**hemicals, **C**ars and **C**hickens, has changed over the past decade. For purposes of this report, similar, complementary industries are grouped into the Core Business Sectors. Chemicals (Chemicals and Advanced Materials) and Chickens (Agriculture Products and Food Production) remain firmly entrenched but cars have disappeared and “**C**redit **C**ards” (Financial Services) has replaced them. Even so, Chemicals and Advanced materials have experienced a steady decline as has Agriculture Products and Food Production while Financial Services has had somewhat of a roller coaster ride in terms of both output as well as employment, peaking in 2007 then declining until 2012 before rebounding slightly. In many ways, the fundamental shifts in Delaware’s economic mix reflect the larger national and international shifts from a manufacturing/production based economy to a knowledge based economy.

Other sectors, once relatively minor players, are now major contributors to the State’s economy. Delaware’s Healthcare and Life Sciences Sector, strongly influenced by the expansion of the 55+ age cohort, has exhibited steady growth through both good and bad economic times and is now one of the largest sectors and employers in the economy and the one that has the highest growth potential. The Leisure and Hospitality Sectors continues to exhibit modest growth and vital staying power.

Within these more macro sectors, individual industries have seen surges of growth, some declines and the emergence of new opportunities. For example, in the Human Health arena, the reduction in Astra Zeneca’s operations in Delaware, while a negative overall, has resulted in the outsourcing of some of that work to smaller, entrepreneurial Delaware companies. Numerous Delaware firms are researching and producing medical diagnostic devices and instruments. Another nascent industry with great potential emerging in Delaware is Aerospace and Aviation. Small at present but with high wage jobs and a growing national industry, Delaware, with its underutilized airports, strengthening aviation workforce training programs, position in a region well populated with industry members, strong supply chain and customer base, could take advantage and develop a new major contributor to its economy. The following pages provide a snapshot of each of these economic sectors in the State of Delaware.



DELAWARE'S CORE BUSINESS SECTORS

A SNAPSHOT OF

DELAWARE'S AEROSPACE & AVIATION INDUSTRY

EMPLOYMENT 1,287

JOBS PER 1000 WORKERS 4

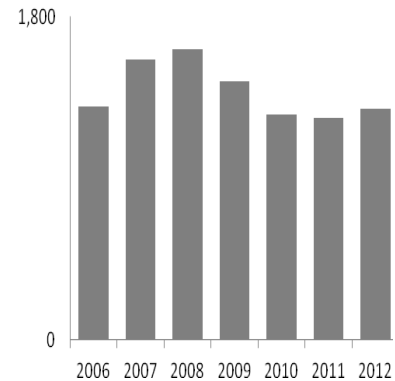
ESTABLISHMENTS 58

TOP AEROSPACE & AVIATION SECTORS

- | | |
|--|-----|
| 1. Support Activities for Air Transportation | 601 |
| 2. Aircraft and Parts Manufacturing | 428 |
| 3. Flight Training | 210 |

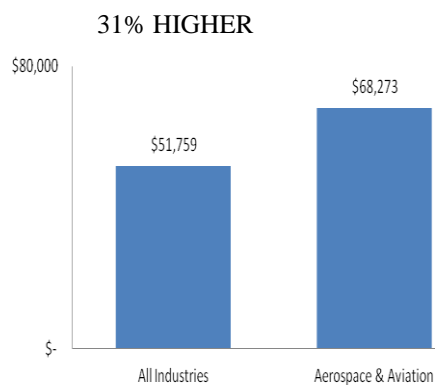
Employment

2006 - 2012



WAGE COMPARISON

WAGES



AVERAGE INDUSTRY WAGE	\$68,273
DELAWARE AVERAGE WAGE	\$51,759
WAGE DIFFERENTIAL	31%
PAYROLL	\$88m

Source: U.S. Bureau of Labor Statistics 2006-2012



A SNAPSHOT OF DELAWARE'S AGRI-BUSINESS SECTOR

EMPLOYMENT 10,496

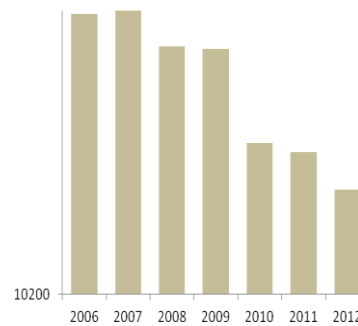
JOBS PER 1000 WORKERS 30

ESTABLISHMENTS 255

TOP AGRIBUSINESS SECTORS

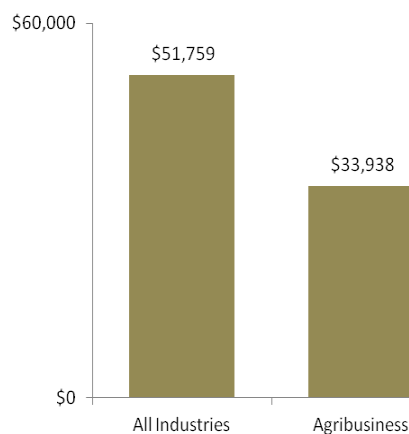
1. Food manufacturing 8,712
2. Crop production 882
3. Agriculture and forestry support activities 268

Employment
2006 - 2012



WAGE COMPARISON

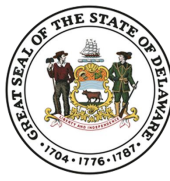
66% LOWER



WAGES

AVERAGE INDUSTRY WAGE	\$ 33,938
DELAWARE AVERAGE WAGE	\$51,759
WAGE DIFFERENTIAL	66%
PAYROLL	\$96m

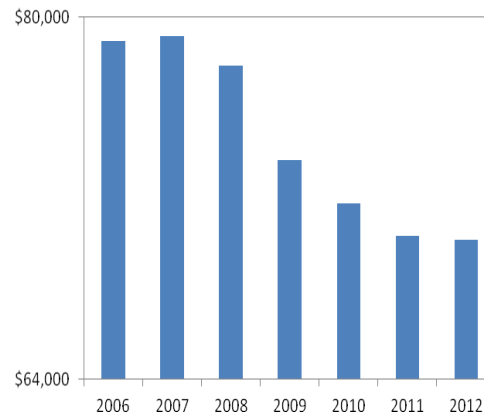
Source: U.S. Bureau of Labor Statistics 2006-2012



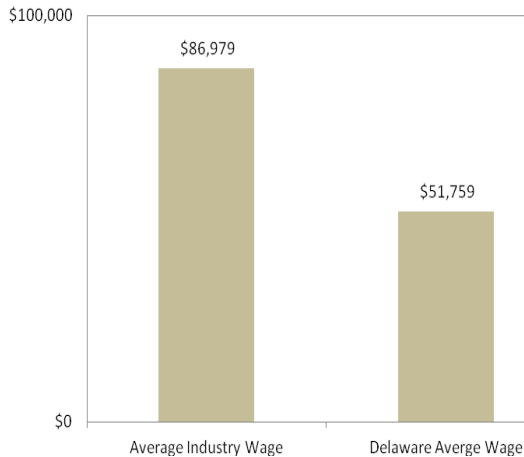
A SNAPSHOT OF DELAWARE'S BUSINESS & FINANCIAL SERVICES SECTOR

EMPLOYMENT 2006 - 2012

EMPLOYMENT	70,163
JOB PER 1000 WORKERS	203
ESTABLISHMENTS	6,532
TOP SECTORS	
1. Finance	37,168
2. Management of companies And enterprises	7,483
3. Employment services	6,514



WAGE COMPARISON

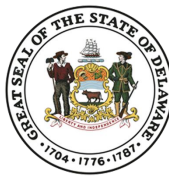


WAGES

68% HIGHER

Average Industry Wage	\$ 86,979
Delaware Average Wage	\$ 51,759
Wage Differential	68%
Payroll	\$6B

Source: U.S. Bureau of Labor Statistics 2006-2012



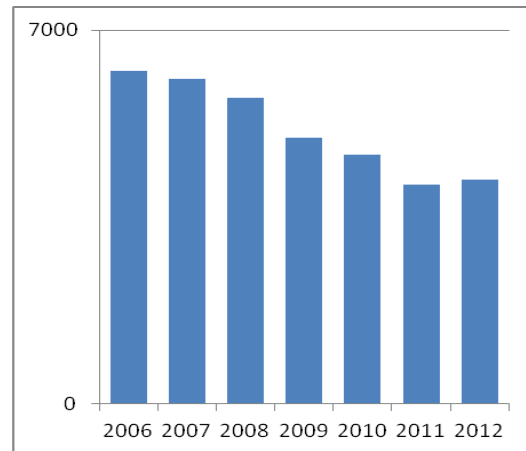
A SNAPSHOT OF DELAWARE'S CHEMICALS & ADVANCED MATERIALS SECTORS

EMPLOYMENT	4,205
JOBS PER 1000 WORKERS	12
ESTABLISHMENTS	138

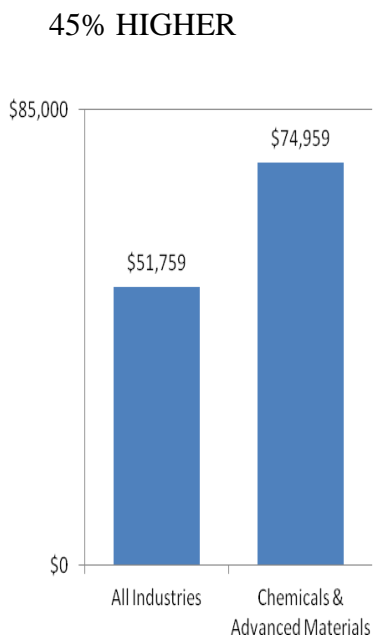
TOP SECTORS

1. Chemical Manufacturing	2620
2. Plastics and Rubber Products	1585

EMPLOYMENT 2006 - 2012

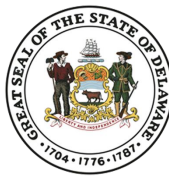


WAGE COMPARISON



WAGES

Average Industry Wage	\$ 74,959
Delaware Average Wage	\$51,759
Wage Differential	45%
Payroll	\$315m



Source: U.S. Bureau of Labor Statistics 2006-2012

A SNAPSHOT OF DELAWARE'S HEALTHCARE & LIFE SCIENCES SECTOR

EMPLOYMENT 52,661

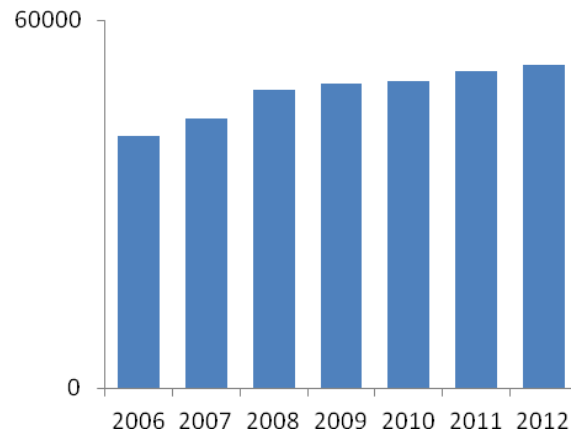
JOBS PER 1000 WORKERS 153

ESTABLISHMENTS 1,770

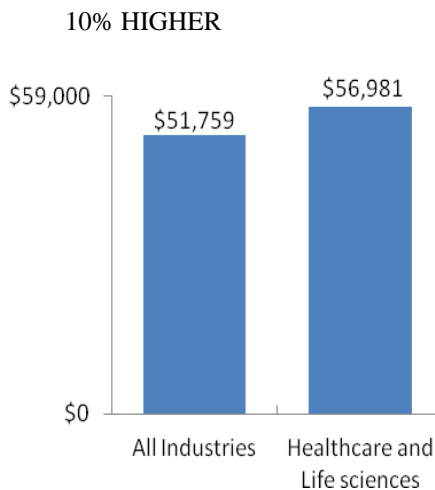
TOP SECTORS

1. Hospitals 20,370
2. Ambulatory Health Care Services 18,597
3. Nursing & Residential Care 10,384

Employment
2006 - 2012



WAGE COMPARISON



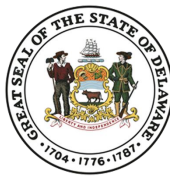
AVERAGE INDUSTRY WAGE \$56,981

DELAWARE AVERAGE WAGE \$51,759

WAGE DIFFERENTIAL 10%

PAYROLL \$3b

Source: U.S. Bureau of Labor Statistics 2006-2012



A SNAPSHOT OF DELAWARE'S LEISURE & HOSPITALITY SECTOR

EMPLOYMENT 43,584

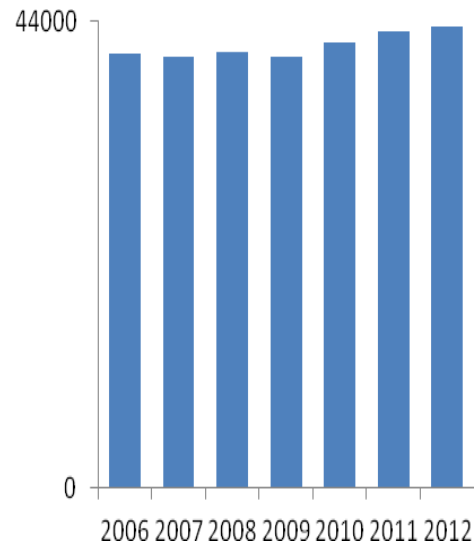
Employment
2006 - 2012

JOBS PER 1000 WORKERS 126

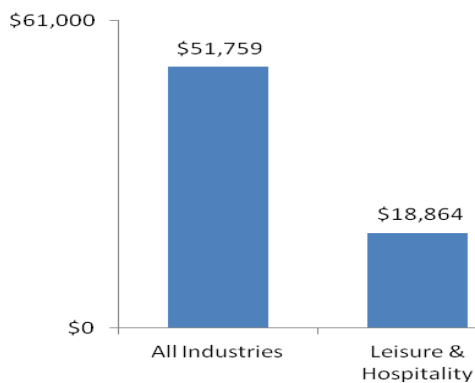
ESTABLISHMENTS 2,369

TOP SECTORS

1. Arts, entertainment, & recreation 8,490
2. Accommodation and food services 35,094



WAGE COMPARISON



WAGES

Average Industry Wage	\$18,864
Delaware Average Wage	\$51,759
Wage Differential	-64%
Payroll	\$822m

Source: U.S. Bureau of Labor Statistics 2006-2012



DISCUSSION OF A PATH FORWARD

Just as the unforeseen recession caused major declines in the Delaware's Core Industries, other circumstances can provide new opportunities to expand industries and even possibly reverse their decline and re-shore operations thought to be forever lost to lower cost locations. One example, the surge in the availability of natural gas and byproducts and its dramatic decline in price is such a circumstance. A 2013 report analyzing the Chemical Industry Supply Chain on Delmarva authored by IHS Global found that:

- Delmarva regional chemicals manufacturing has declined in recent years due to in part to a lower demand and high production costs, in part due to uncompetitive raw materials and energy sourcing.
- The opportunity to source potentially large-scale, cheap, and plentiful non-gas liquids (NGLs) from Marcellus natural gas extraction in western Pennsylvania could give regional chemical manufacturers a competitive advantage.

This was confirmed by Thomas Kevin Swift, Chief Economist and Managing Director at the American Chemistry Council. The U.S. growth rate for new chemical, plastics and other heavy industrial plants "is going to accelerate next year and the year after that and the year after that."

The IHS report noted that chemicals make up over 40% of Delaware's total annual exports at \$2.3 billion. Delaware has a well-established supply chain in place enhanced by a skilled workforce. Working with the chemical and advanced materials industry, not just in Delaware but regionally, to take advantage of this circumstance is a great economic development opportunity that would benefit the chemical, plastics and advanced materials firms in the State to lower their costs and stay, grow and expand here.

Delaware's healthcare and life science industries, while not as large as those in surrounding states, continue to grow and expand and should be nurtured and encouraged. Human health is a major growth opportunity in the State, not just in the provision of health care but in research and development as well. The major institutions of higher learning have partnered with private businesses and healthcare providers on multiple initiatives that have resulted in major successes. Delaware firms and institutions are conducting pioneering research into and producing new drugs, vaccines, medical devices and disease treatment regimens individually and with partners throughout the region.

Another area of opportunity, boosted but not driven by the availability of low cost energy, is in Advanced Manufacturing. From Miller Metal to Bloom Energy, Delaware already has many firms engaged in advance manufacturing across various industries as diverse as medical devices and aircraft parts. Delaware universities and companies are world leaders in the development and handling of composite materials, electronics, plastics and other materials. Advanced



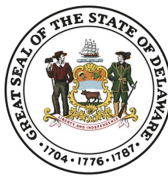
manufacturing transcends industry sectors and would provide higher wage jobs in a broad spectrum of firms in Delaware and a high growth potential. A December 2013 report by the U.S. Senate Economic Committee Democratic Staff cites a 2010 American Economic Review paper by Enrico Moretti that affirms that “Research shows that the employment multiplier is higher in manufacturing than in other sectors: each manufacturing job supports an additional 1.6 jobs, and each advanced manufacturing job supports as many as 4.9 other jobs.” The core capabilities augmented again by a robust supply chain and collection of supporting industries are in place for Delaware to lead in this area.

Nationwide, financial services have undergone a retrenchment that continues and has impacted some of Delaware’s largest firms. This ongoing evolution of the industry has caused it to seek lower costs in all aspects of the business. No place is more attractive than Delaware with its skilled, experienced, lower cost workforce unmatched anywhere else complemented by less expensive real estate options, extensive voice, high speed data and video communications infrastructure, an all-encompassing business support services sector and a favorable legal environment. Add to that its advantageous geographic location halfway between the worlds political and financial capitals, it is clear that Delaware can expand its role as a major center for transaction processing and other back office operations.

Delaware has exceptional geographic advantages. Northern Delaware lies astride the Northeast Corridor with approximately 50% of the U.S. population within a day’s drive and benefits from its adjacency to the Philadelphia metropolitan area. Yet this bustling urban/suburban area is less than a two hour drive from Delaware’s world-renowned beaches. In between is 520,000 acres of some of the most productive farmland in the mid-Atlantic interspersed with thriving communities, thousands of acres of parks and recreation areas, historic sites and environmental preserves. More than 7 million people visit Delaware annually, over eight times the State’s population, to attend festivals, follow the wine and ale trail, see horse and auto racing, take their chances at casino’s, fish, hunt, sky dive or to just lie on the cleanest beaches in the U.S.

The tourism industry is a foundation of the Delaware economy through good times and bad adding \$2.2 billion dollars annually.

Agriculture has been an industry of statewide significance since Colonial times and will continue to be a major contributor. For the next to smallest state in the Union, Delaware’s agriculture industry is impressive in its impact. It is number one in the U.S. in production value per farm, production value per acre, cash receipts per acre and farmland preserved as a percent of total land area. Sussex County produces more broiler chickens than any other place in the nation. Total economic contribution of agriculture to Delaware’s economy is just under \$8 billion annually. While the crop and livestock production segments of Delaware’s agriculture industry are unlikely to experience significant growth in the future, sustaining the current levels is critical to the State’s economic well-being. Potential growth can come in the area of food processing and value-added food production. Sussex and Kent Counties are well positioned in



terms of supply chains, labor force and infrastructure to support the expansion of these segments.

While information technology is not a Delaware sector of significance there may be an opportunity to create a specialized niche in the arena of Cybersecurity. With the National Security Agency, the Defense Information Systems Agency and U.S. Cyber Command based at Fort George G. Meade, Maryland is the epicenter of cybersecurity. Delaware's proximity to Aberdeen Proving Ground, home of the U.S. Army Research, Development and Engineering Command (RDECOM) and the Communications-Electronics Research, Development, and Engineering Center (CERDEC) provides an opportunity. RDECOM's mission is to create, integrate and deliver technology-enabled solutions for use by soldiers while CERDEC 'develops and integrates C4ISR technologies that enables units and individual soldiers to sense the battle space; deny and disrupt enemy efforts; and remain "connected" to achieve and sustain information superiority'. Both have strong relationships with the University of Delaware and it is the University's intent to continue to develop and expand that relationship. Cybersecurity is a critical priority to the military as reflected in the budget just passed in Congress the more than doubled the Cyber Command's budget in fiscal 2014. The budget also increased Cybersecurity funding at the Department of Homeland Security.

Delaware has long been known for its talented workforce; however Delaware's future economy is going to need a better educated workforce. As the statistics section points out, Delaware's SAT scores and workforce with bachelor degrees is middle of the road in comparison with the Benchmarked states. The number of workers with associate's degrees is the lowest, which suggest a deficiency in the technical knowledge and skills now required in many production oriented jobs. As technology becomes more and more integral to every sector of the economy, the need of workers with higher levels of science, technology, engineering and math (STEM) skills will only increase.

A 2008 report, the "Race Between Education and Technology" showed that a greater level of education results in higher labor productivity. BEA data shows that States with better educated populations have significantly higher per capita incomes, another area where Delaware does not compare well with its neighbors. Another report, "Educational Attainment and Metropolitan Growth," showed that places with higher levels of education have faster rates of income growth. Finally, U.S. Census data clearly shows that entrepreneurs tend to be highly educated persons. This directly relates to the well documented fact that a relatively few high growth companies account for a disproportionate share of job creation in most states. Delaware has a very high number of new patents per capita, one criterion that indicates a significant opportunity for 'gazelle' companies to form and grow here in the right circumstances, yet the number of businesses has declined.

The primary focus of this document is to chart a course to future, sustainable economic growth. According to the National Governor's Association in a 2012 Policy Framework document stated that "The key to state economic growth is to have as many innovative, productive, and globally



competitive businesses and workers as possible reside within a state's borders." The report goes on to say that there are six primary factors that lead to economic growth and job creation:

- Entrepreneurs
- Education and skills
- Innovation and Technology
- Capital
- Global Markets and linkages
- Industry Concentrations (Clusters/Core Industries)

In the 2011 report, the Brookings-Rockefeller Project on State and Metropolitan Innovation says "The best way to create more jobs in a state is to grow them at home, rather than poach them from elsewhere: Some 95 percent of all job gains in a year in an average state come from the expansion of existing businesses or the birth of new establishments. States... need to cultivate their industry clusters (Core Industries) – geographic concentrations of interconnected firms and supporting organizations."

In the face of limited resources and fierce competition from other states, regions and nations for the few projects relocating, it makes sense for Delaware to focus on 'growing its own' while competing for external projects where the State has a competitive advantage or at least an even playing field.

To compete successfully for the jobs of the future in Delaware's Core and Emerging Industry Sectors, the State must carefully balance its efforts between recruitment, retention and renewal. That is what the Goals and Objectives in this CEDS are intended to do. The Goals and Objectives are organized in the context of the four overarching strategies. Some cross over from one strategy to another. But it is clear that success will require collaborative efforts by all economic development stakeholders in the State. These goals will not all be achieved in one year, or five years; nor some even in ten years. Some will change, some will be discarded and others added as the State's economy grows and changes. But this is an effort to keep the State focused on the time ahead; building the economic environment that will ensure a prosperous future.



VISION, GOALS AND OBJECTIVES

The requirements specified by the federal EDA state that a CEDS must include discussion of the vision, goals and objectives that an economic plan hopes to achieve. Together, these items reflect the overall focus of this framework.

Vision:

Delaware will lead the nation as a state that attracts profitable businesses, provides sustainable jobs in a wide spectrum of industries, and whose citizens enjoy a high quality of life, low cost of living and strong communities. Public and private sectors will accomplish this by working together to reinforce economic growth, foster opportunity, protect the State's critical assets and enhance the lives of its citizens.

Discussion:

Delaware has long been noted for its pro-business climate. It seems clear that a 'back to the future' approach, focusing on reinvigorating a pro-business environment, should pay dividends. But such an effort must not be just a return to the past, but recognize how the world has changed, that competition is now global; that technology changes paradigms on a regular basis; and that the workforce is extremely mobile and requires education resources not contemplated just a decade ago. Such an effort is a complex undertaking that requires a sustained effort over the long term to pay off. The Kauffman Foundation said it well in a March 2010 report, *High Growth Firms and the Future of the American Economy*: "A state with a favorable taxation system, predictable regulation, a good education system, and adequate access to capital is more likely to attract investment and cultivate entrepreneurship than a state that offers a raft of specific programs and incentives." Delaware can never compete on dollars alone, to succeed in the current and future economy requires that it adapt to the changing times, move from an ad hoc deal making approach to focusing on fostering the most pro-business, ecofriendly, highest quality of life environment possible. It is apparent from trends across the nation, that most of the significant and sustainable job growth in the next decades will come from those industries already in the State, and most State efforts must focus on enabling those businesses to grow and prosper here.

Much of the effort going forward would not require significant new public investment; much can be accomplished by re-positioning and modifying existing programs. However, it must be acknowledged that federal funding is a rapidly diminishing resource and State funds may be needed to fully develop or implement future initiatives critical to economic development.



GOALS, OBJECTIVES AND ACTIONS

Enhance Business Resources

Create initiatives that focus on providing the critical educational, legal and infrastructure resources necessary to attract and retain growing, sustainable businesses and the workers they require.

GOAL I. INCREASE ECONOMIC DEVELOPMENT COLLABORATION AMONG PUBLIC AND PRIVATE PARTNERS.

Objectives:

1. Engage the private sector to help the State learn and understand the requirements of specific business sectors necessary for growth in the State.

Actions:

- i. Explore creating a Delaware Economic Advisory Committee comprised of representatives of the core business sectors to biannually advise DEDO on issues impacting their success in the State.
 - ii. Create an "Economic Development Update" highlighting DEDO programs and examples of recent state development accomplishments to be electronically transmitted to Delaware businesses, business support organizations, real estate brokers and local government. This document should also encourage feedback on the issues impacting businesses in Delaware.
2. Clarify and align the roles and responsibilities of local/county economic developers and DEDO to promote greater sharing of resources.

Actions:

- i. Use the Strategic Planning/CEDS process to build a more cohesive, integrated economic development program at state, county and local levels.
3. Develop a State Interagency Task Force for Economic Development to increase collaboration and understanding of agencies roles in economic development.

Actions:



- i. Create a permanent, interagency working group tasked with developing guidelines for expeditious permitting and coordinated infrastructure improvements for critical economic development projects.

GOAL II. UPGRADE THE WORKFORCE OF DELAWARE THROUGH ENHANCED EDUCATION AND TRAINING DRIVEN BY AND FOCUSED ON THE NEEDS OF DELAWARE’S CORE BUSINESS SECTORS.

Objectives:

1. Foster increased communication and collaboration between the State’s primary, secondary and higher education sectors and the business community to better align workforce development with industry skill requirements.

Actions:

- i. In collaboration with the State and Local chambers of Commerce and the State Department of Education, initiate and conduct an annual Governor’s Business/Education institute to bring all stakeholders together to share information and needs and discuss alternative approaches.
2. Work with State agencies to provide higher-value employment opportunities to underutilized workers.

Actions:

- i. Connect students to higher value-added internship opportunities.
- ii. Ensure “retraining” programs are future oriented and private sector specific.
- iii. Retain talent in Delaware by increasing matching of graduates with Delaware companies through career fairs, internships and co-ops.
3. Investigate setting up a workforce ‘sector strategies’ approach to support Delaware’s core business sectors.

Actions:

- i. Encourage the creation of a Core Business Sectors led coalition to bring government, education, training, economic development, labor and businesses together to identify and define the educational needs of industry sectors and develop curricula and institute training programs to teach the identified needs.



GOAL III. PRESERVE CRITICAL STATE ASSETS SUPPORTING ECONOMIC DEVELOPMENT WHILE ENHANCING THE STATE'S QUALITY OF LIFE.

Objectives:

1. Increase site and facility options for Delaware's core industries with an emphasis on sites located in State Strategies Levels 1 & 2.

Actions:

- i. Work with communities, private sector developers and the Office of State Planning to assess the size and types of sites needed to compete for projects and potential sites for development.
 - ii. Explore incentives, including tax incentives and low-interest loans, to encourage the development of additional facilities and shovel-ready sites and other infrastructure focused on the needs of Delaware's core industries.
 - iii. Examine establishing Delaware Innovation Districts that combine the existing base of advanced research universities, medical complexes, research institutions and groupings of tech and creative firms and their workers in close proximity with the mixed use facilities and mixed income housing that make up quality communities. These districts could encourage the creation of facilities for entrepreneurial growth such as incubator space, collaborative venues, social networking, product competitions, technical support and mentoring.
 - iv. Seek methods to encourage and assist industries to reutilize underutilized and brownfield sites throughout the State.
2. Improve capacity of key transportation, logistics, and communication assets.

Actions:

- i. In collaboration with DelDOT, review the Statewide Transportation Improvement Program, within the parameters of law and regulation, to assure that projects with high job creation potential, or are critical to business retention/attraction, receive consideration for inclusion as the highest priorities for funding with the exception of safety related projects.
 - ii. Continue to evaluate potential partnerships that could provide private and public investments in priority capital improvement and multi-modal needs to expand the Port of Wilmington's ability to accommodate larger and heavier exports/imports.



- iii. Work with the Delaware River and Bay Authority to more fully utilize the capacity and potential business development opportunity of the New Castle Airport.
- iv. Develop an enhanced aircraft parking facility at Dover AFB with the potential to become a fully capable aircraft maintenance facility.
- v. Prioritize expansion of AMTRAK and commuter rail service (SEPTA and MARC) on the Northeast Corridor and continue to support the construction of the Newark Transportation Center and direct Norfolk Southern access to the Delmarva Secondary.
- vi. Cooperate with DelDOT in ensuring the capacity and availability of major rail and truck freight corridors in Delaware.
- vii. Work with the business community and DelDOT to assess rail freight requirements to assure adequate freight rail service capacity in Delaware.
- viii. Work with the Delaware Department of Technology and Information to improve downstate broadband and wireless communications infrastructure.
- ix. Work with the Department of Natural Resources and Environmental Control Energy Office to find alternative sources and methods to lower the cost of electrical power for commercial and industrial users and other job creators.
- x. Work with providers and users to expand the availability of natural gas throughout Delaware.



Retain the Critical Core

Programs that focus on the retention and expansion of existing business and industry.

GOAL I. RETAIN AND EXPAND DELAWARE'S CORE BUSINESS SECTORS.

Objectives:

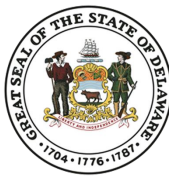
1. Leverage a formal business retention program focused on the Core Business Sectors to identify strategic issues and develop a sharper understanding of their significance to the business and the State.

Actions:

- i. Utilize systematic business visits to identify regulatory, legal, workforce and other impediments to a business's ongoing operations and develop approaches to eliminate those impediments.
 - ii. Utilize the business visits to also identify sustainable growth potential in existing Delaware firms.
 - iii. Establish relationships with out-of-state corporate senior management in collaboration with in-state managers.
 - iv. Team with county business development staff to resolve problems and issues affecting local businesses.
 - v. Employ the Delaware Economic Advisory Committee to identify trends and issues impacting Delaware's Core Business Sectors.
2. Work to enhance and improve technical and financial approaches to support the expansion and retention of the Core Business Sectors.

Actions:

- i. Work with state agencies and local governments to streamline permitting and regulatory review times.
 - ii. In cooperation with the Office of Management and Budget, Department of State and Department of Natural Resources and Environmental Control and business organizations, conduct a thorough review of the tax and regulatory environment of the State to ensure that the State remains competitive in retaining, growing and attracting business and industry.
 - iii. In collaboration with the Delaware Department of Transportation (DelDOT), the Delaware Department of Natural Resources and Environmental Control and the development community, develop and



monitor metrics regarding permitting reviews and issuance to assure levels of certainty in the process.

- iv. Identify high growth firms in Delaware's Core Business Sectors and utilize all available resources to assist them to expand in the State.
- v. Continue to work with the Delaware Department of Agriculture, the University of Delaware and producers to encourage diversity in the agriculture sector and to evaluate options for increasing the share of value added products.
- vi. Work with the Delaware Economic Advisory Committee to review and revise tax and funding incentives to be more compelling, competitive and relevant to Delaware's Core Business Sectors and develop legislation, as needed, to put them into action.
- vii. Continue to work with federal resources (SBA, USDA, and EDA) to identify and promote the use of financial assistance programs available to businesses in Delaware. Review State programs to ensure they can be used as leverage to maximize other funding. Explore creating an electronic one-stop business financial assistance center.

GOAL II. ENHANCE DELAWARE AS A VISITOR DESTINATION AND EXPAND THE ECONOMIC IMPACT OF TOURISM.

Objectives:

1. Expand the opportunities to bring Group Tours to Delaware.

Actions:

- i. Hold Group Familiarization (FAM) tour in June 2014. A FAM tour is an organized trip for travel agents, tour operators, tour wholesalers or other members of the travel trade for the purpose of educating and familiarizing them with destinations.
2. Use events as economic drivers by attracting cultural and sporting events to Delaware through public private partnerships and the Delaware Sports Commission.

Actions:

- i. Seek opportunities to 'piggy back' on existing events such as the Firefly Festival and NASCAR race weeks.
- ii. Explore creating new events to appeal to visitor segments not currently visiting Delaware.
- iii. Expand marketing to seasonal beach visitors to inform them of other season events and arts and cultural opportunities in the State.
- iv. Develop a Delaware Outdoor Trail, and market the trail at appropriate shows and expos.



- v. Explore marketing to the international market.
3. Work with Agencies and Private Sector Partners to enhance the Visitor Experience.

Actions:

- i. Work with DelDOT and Parks and Recreation to improve pedestrian access, mobility, safety and comfort particularly in the Beach resorts.
 - ii. Work with Parks and Recreation to enhance the public parks and campgrounds, greenways, trails, heritage and historic sites to attract more visitors.
 - iii. Work with local visitor bureaus to increase and enhance local events and market them to larger audiences.
4. Expand the use of social media and Delaware Tourism website site as a marketing tool.

Actions:

- i. Develop a Visit Delaware.com [responsive website](#).



Recruit the Future

Programs that focus on the attraction of new business and industry compatible with Delaware's future economy and sustainable in the long term.

GOAL I. EXPAND LONG-TERM ECONOMIC GROWTH THROUGH FOCUSED RECRUITMENT OF BUSINESSES COMPLEMENTARY TO DELAWARE'S CORE BUSINESS SECTORS.

Objectives:

1. Use targeted external recruitment campaigns to attract companies with sustainable growth potential complementary to Delaware's core industries.

Actions:

- i. Identify high growth potential firms in Delaware's core business sectors and target recruitment efforts to them.
 - ii. Focus business outreach programs to emphasize Delaware's superior workforce and Governments' accessibility and responsiveness.
 - iii. Seek to increase DEDO's current marketing budget through public and private sources.
 - iv. Enhance relationships with corporate executives in critical industries and site location advisors with a concentration on the Northeast.
2. Refine outreach to site selectors and location advisors.

Actions:

- i. Identify and cultivate relationships with site selectors and location advisors who specialize or have worked heavily in Delaware's core industry sectors.
 - ii. Participate in select professional and marketing events utilized by site selectors.
 - iii. Refine and expand "road trips" to visit site selectors and explore possible "fam" tours of Delaware for selected firms.
3. Benchmark incentives against competitors

Actions:

- i. Conduct a comprehensive assessment of statutory and other incentives to assure Delaware's competitiveness in attracting new business.



Rejuvenate the Foundation

Programs that focus on job creation through revitalization of established industries and business centers, innovation, entrepreneurship, research and development, and commercialization of new products and processes.

GOAL 1. ACCELERATE THE GROWTH OF MANUFACTURING

Objectives:

1. Strengthen Delaware's Manufacturing Sector

Actions:

- i. Develop an accelerated career path to ensure high school graduates are ready to start a career on day one. Working together with the state's community college and the Delaware manufacturing association, develop a two-year comprehensive program in manufacturing technologies for Delaware high school juniors and seniors. Students completing the program will secure a nationally recognized advanced manufacturing certificate.
- ii. Explore creating a manufacturing industry advisory council to help guide state policy related to small and medium-sized manufacturers. The focus would be on the workforce development needs, regulations, financing, access to research, business to business within the State and export promotion.
- iii. Explore establishing an Advanced Manufacturing Institute consisting of representatives from Delaware universities and colleges, advanced manufacturing firms in the State/region and State government. The focus of the Institute would be to identify the needs and set priorities for the expansion of advanced manufacturing in the State including workforce and education requirements, innovation and R & D, technical assistance and information sharing, capital resources and market development. The Institute would key on bridging the gap between the research done at the universities and colleges and the product development efforts of the member firms.

GOAL 2. PROVIDE ASSISTANCE TO ENTREPRENEURS AND SMALL BUSINESSES TO GROW THEIR BUSINESS

1. Provide support services and information to small businesses and entrepreneurs.



Actions:

- i. Create an Entrepreneurs toolkit that would include the resources needed by entrepreneurs and small businesses to overcome funding, licensing, permitting, regulation, and other barriers to business formation and expansion.
 - ii. Work with appropriate State agencies to assure that regulatory and administrative requirements imposed on new/growing firms are transparent, simple and avoid duplication of forms and information among agencies.
 - iii. Continue supporting existing and evaluate establishing an additional business accelerator to provide assistance to start-up businesses in securing a location, venture or other capital resources and to ensure that the companies continue to grow once passed the start-up phase. Partners in this effort should include State agencies, banks, public utilities, technology and other business associations such as Chambers of Commerce. Existing examples include Start It Up Delaware and the New Castle County Emerging Enterprise Center.
 - iv. Strengthen and expand DEDO's working relationship with the Delaware Small Business Development Center to provide the most comprehensive business advisory services and coaching in areas such as new market development, finding and applying for capital, human resource issues and resilience strategies.
 - v. Work with Delaware's Universities and Colleges to create a partnership to identify mentoring, collaborating and funding opportunities for entrepreneurs and small business as well as presenting possible to connections create research or commercialization prospects.
 - vi. Expand DEDO's relationship with the Delaware Manufacturing Extension Partnership to develop and implement an innovation development program that would help small and medium sized companies create new ideas and speed the testing and implementation of existing ideas for processes, products, and services.
 - vii. Evaluate the applicability of other state's efforts such as Innovation Hubs and Research/Innovation Funds to streamline business and entrepreneur access to university research and facilities and the commercialization of that knowledge.
2. Connect small businesses with workforce development and training.

Actions:

- i. Assist Small Business owners to assess their workforce needs and identify local service providers, including public, private academic, nonprofit civic and other organizations.



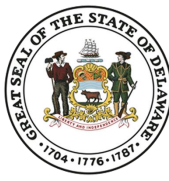
- ii. Create an outreach program to small business employers to provide information on funding programs available to assist them in training workforce and advancing the skill level of employees.
- iii. Assess the changing needs within industries and the skills required to meet the demands of the future workforce and share with educational partners, DOL, DWIB to ensure the skill training and higher level education is available.

GOAL 3. WORK TO CREATE OPPORTUNITIES TO BOOST INNOVATION

1. Enhance and expand efforts with higher education institutions and the private sector create approaches to increase interactions.

Actions:

- i. Investigate the benefits of establishing a sustainable Statewide organization focused on innovation.
- ii. Work to ensure that the higher education institutions directions are well matched and aligned with the needs of industry and that industry has the opportunity to provide feedback to educators on opportunities and changes in their industry.
- iii. Through public/private collaboration, evaluate existing mechanisms for technology transfer to small young businesses and entrepreneurs to make sure they have the opportunity to take advantage of the resource of new technologies and or process improvements.



Performance Metrics

- Growth Rate of the Private Sector Gross Domestic Product
- Population Growth by cohort (focus on 25 – 44)
- Increase (Decrease) in Overall Unemployment Rate
- Growth (Decline) of Employment by Industry
- Fastest Growing Jobs
- Per capita (Adjusted) Gross Domestic Product
- Increase (Decrease) in Worker Productivity
- Amount of Traded Goods (Manufacturing Exports)
- Number of new patents issued
- Number of new businesses formed
- Increase (Decrease) in Small Business Innovation Research Awards
- Education attainment level
- Increase (Decrease) in the Workforce participation rate
- Housing Affordability
- Number of Requests for Visitor Information packets.
- Increase (Decrease) in Hotel Occupancy Tax Receipts



Next Steps

The strategies, goals and objectives in this document reflect the State of Delaware's economic development priorities. This creation and adoption of this plan does not preclude Counties or Municipalities from preparing and submitting their own CEDS in accordance with EDA regulations.

As required by EDA, Governor Markell has appointed a Delaware Strategy Committee (CEDS Committee) to review this strategy document and provide recommendations prior to its submission to EDA.

The CEDS Committee facilitates economic development planning and implementation and is responsible for developing, updating, or replacing a strategy.

The Committee represents the major interests of the region and ensures that all viewpoints from the community are taken into consideration when developing and implementing programs. Committee members include:

- Public officials
- Community leaders
- Representatives of workforce development boards
- Institutions of higher education
- Minority representatives
- Labor groups

The CEDS Committee meets as needed to review and prioritize economic development projects and to update the CEDS priority projects.

The CEDS Committee has completed its review and has finalized the document, including soliciting proposals for strategic projects, programs and activities designed to implement the goals and objectives of the CEDS. The CEDS Committee has reviewed these project proposals and decided to include all submissions into the final CEDS.

The finalized draft of the CEDS is now available for public review and comment prior to its submission to EDA. Once public comments have been received, the Committee may decide to submit the CEDS unchanged or to incorporate the public suggestions into the plan.



Members of the CEDS Committee

Private Sector

Bill Andrew, Delaware Electric Cooperative – President & CEO
Gary Stockbridge, Delmarva Power – President
Sam Calagione, Dog Fish Brewery – Owner
Brad Walters, ILC Dover – Vice President
Justin Cressler, Kraft Foods – Plant Manager
Paul Downs, Mountaire Farms – President & CEO
Nick Lambrow, M&T Bank – Delaware Regional President
Steve Rose, Nanticoke Health System – President/CEO
John Martin, PATS Aircraft – President
Rick Cook, Schering-Plough Animal Health – Executive Director, Plant Manager
Scott Johnson, SolarDock – Founder
Ralph Kunz, Summit Aviation – President
Amy Norgate, Tanger Outlets – General Manager
Michael Ratchford, W.L. Gore – Director of Government Relations
Mark Turner, WSFS – President & CEO

Public Officials

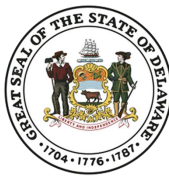
Alan Levin, State of Delaware – Director of Economic Development
Michael Petit de Mange, Kent County – County Administrator
Tom Gordon, New Castle County – County Executive
Todd Lawson, Sussex County – County Administrator

Economic Development Representatives

William Neaton, City of Dover – Director of Economic Development
Maureen Feeney Roser, City of Newark, Director of Planning & Development
Trisha Newcomer, City of Seaford – Director of Economic Development
Harold Gray, City of Wilmington – Director of Economic Development
Tim McLaughlin, Delaware Economic Development Office – Business Development Dir.
James Waddington, Kent County Economic Development Partnership – Director of Economic Development
Marcus Henry, New Castle County – Director of Economic Development

Community Leaders

Judy Diogo, Central Delaware Chamber of Commerce – Executive Director
Paul Morrill Jr., Committee of 100 – Executive Director
Rich Heffron, Delaware State Chamber of Commerce – President



Robert Chadwick, New Castle County Chamber of Commerce – Director of Economic Development

Carol Everhart, Rehoboth-Dewey Chamber of Commerce - President

Rob Rider, Sussex Economic Development Action Committee – President

Institutions of Higher Learning

Dr. Harry Smith, Delaware State University – President

Dr. Illeana Smith, Delaware Technical and Community College – Owens Campus Director

Jeffrey Garland, University of Delaware – Vice President and University Secretary

Minority and Labor Groups

Sam Lathem, Delaware AFL-CIO - President

Maria Matos, Latin America Community Center (LACC) – Executive Director

Deborah Wilson, Metropolitan Wilmington Urban League – President & CEO

Private Individuals

Robert V.A. Harra

Thomas J Salvatore

Ex Officio

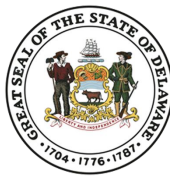
Lori James, Office of Senator Tom Carper – State Director

Jim Paoli, Office of Senator Chris Coons – State Director

Doug Gramiak, Office of Congressman John Carney – State Director

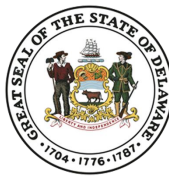
Bernice Whaley, Delaware Economic Development Office – Deputy Director

Jeff Stone, Delaware Economic Development Office – Director of Infrastructure and Intergovernmental Affairs



Appendix A

Tables and Charts



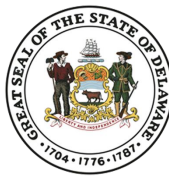
Bench Mark States AT A Glance

	Delaware	Maryland	New Jersey	Pennsylvania	Virginia	USA
Population (2012 Estimate)	917,092	5,884,563	8,864,590	12,763,536	8,185,867	313,914,040
Population, 2002	807,385	5,458,137	8,590,300	12,335,091	7,293,542	288,368,698
Population Growth, 2002-2012	13.60%	7.80%	3.20%	3.50%	12.20%	8.90%
Unemployment Rate (2012 Annual Average)	7.1%	6.8%	9.5%	7.9%	5.9%	8.1%
Labor Force, 2002	417,885	2,861,421	4,370,809	6,217,776	3,744,636	144,856,100
Labor Force, 2012	444,042	3,122,629	4,595,460	6,486,578	4,209,532	154,695,800
Labor Force Growth, 2002-2012	6.30%	9.10%	5.10%	4.30%	12.40%	6.80%
Median Household Income, 2012	\$58,415	\$71,122	\$69,667	\$51,230	\$61,741	\$51,371
Bachelor Degree or Higher, 2012	29.50%	36.90%	36.20%	27.80%	35.50%	29.10%
% Population in 25-44 Age Group, 2012	24.65%	26.81%	26.25%	24.50%	27.39%	26.38%
Per Capita Income, 2012	\$28,705	\$35,144	\$34,885	\$27,774	\$32,517	\$27,319

Source: Census Bureau ACS 2012 and BLS

Median Age			
State	2000	2012	Change (2000 to 2012)
Delaware	36	39	3
Maryland	36	38	2
New Jersey	36.7	39.1	2.4
Pennsylvania	38	40.3	2.3
Virginia	35.7	37.5	1.8
United States	35.3	37.3	2

Source: American Community Survey 2012

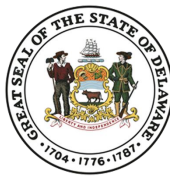


DE Migration 2012				
Out Migration		In Migration		Net In Migration
To all other US states	25149	From all other US states	34,757	9,608
Florida	1,099	Florida	715	-384
Maryland	4,100	Maryland	5,649	1,549
New Jersey	1,921	New Jersey	5,846	3,925
New York	477	New York	3,566	3,089
Pennsylvania	4,814	Pennsylvania	6,828	2,014
Virginia	2,279	Virginia	1,746	-533

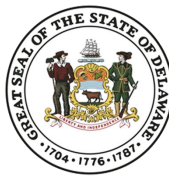
Source: American Community Survey 2012

Delaware Counties at a Glance			
County	Kent County	New Castle County	Sussex County
Population 2012	167,626	546,076	203,390
Population growth 2000 to 2012	32%	9%	30%
Unemployment Rate, 2012 Annual Average	7.60%	7.00%	7.00%
Labor Force Growth 2000 - 2012	28.63%	9.46%	35.79%
Median Household Income, 2012	\$54,413	\$63,152	\$52,338
Bachelor Degree or Higher, 2012	23.90%	37.70%	18.20%
% in 25-44 Age Group, 2012	24.60%	26.50%	21.20%

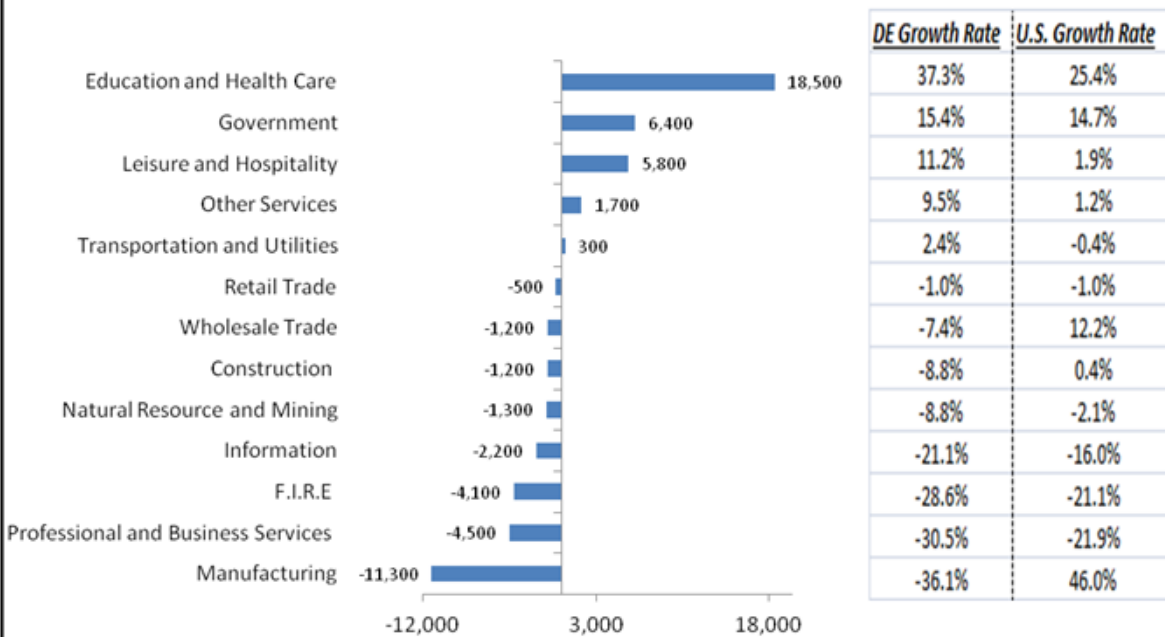
Source: American Community Survey 2012



Sources: Bureau of Labor Statistics 2012



New Jobs in Delaware, 2002-2012



Source: BLS – Current Employment Statistics 2012

In 2012, the breakdown of total jobs in the major sectors was:

- Education & Healthcare – 68,100 (16.7%)
- Business & Professional Services – 56,300 (13.8%)
- Retail Trade – 50,600 (12.4%)
- F.I.R.E. – 42,300 (10.4%)
- Leisure & Hospitality – 43,400 (10.7%)



LARGEST DELAWARE EMPLOYERS (Alphabetical)

Employers with 5,000 + employees in Delaware

Bank of America

Christiana Health Care Services

Dover Air force Base (Civilians and Military)

E. I. DuPont De Nemours

JP Morgan Chase

University of Delaware

Employers with 2,500 to 5,000 employees in Delaware

Alfred I DuPont Institute

AstraZeneca

Bay health Medical Center

Christina School District

Mountaire Farms

Perdue Farms

Wal-Mart Associated

Source: Telephone Survey 2013



Cost of Living 2012 Annual Averages

URBAN AREA	Combined Cost of Living Index	Groceries	Housing	Utilities	Transportation	Health Care	Misc. Goods / Services
Dover DE	104.6	111.1	90.6	120.3	98.5	99.8	111.8
Wilmington DE	111.6	109.5	110.4	125.1	105.8	101.6	112.8
Baltimore MD	116.2	112.6	155.5	103.6	103.6	101.4	95.9
Bethesda MD	129.7	114.6	195.9	115.1	105.7	100	98.6
Newark NJ	129.7	112.6	170.5	137.2	106	103.1	113
Philadelphia PA	122.8	122.2	140.5	131.6	105.6	102.6	114.9
Richmond VA	102.1	103.5	91.3	105.9	101.1	114.7	107.9
Arlington VA	144.7	113.4	256.4	105.5	106.5	101.1	97.3

Source: ACCRA/C2ER Average Annual 2012 index. US = 100

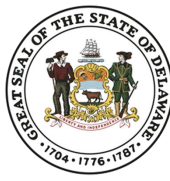
Industrial Electric Rates: cents /KwHr

Delaware 8.52

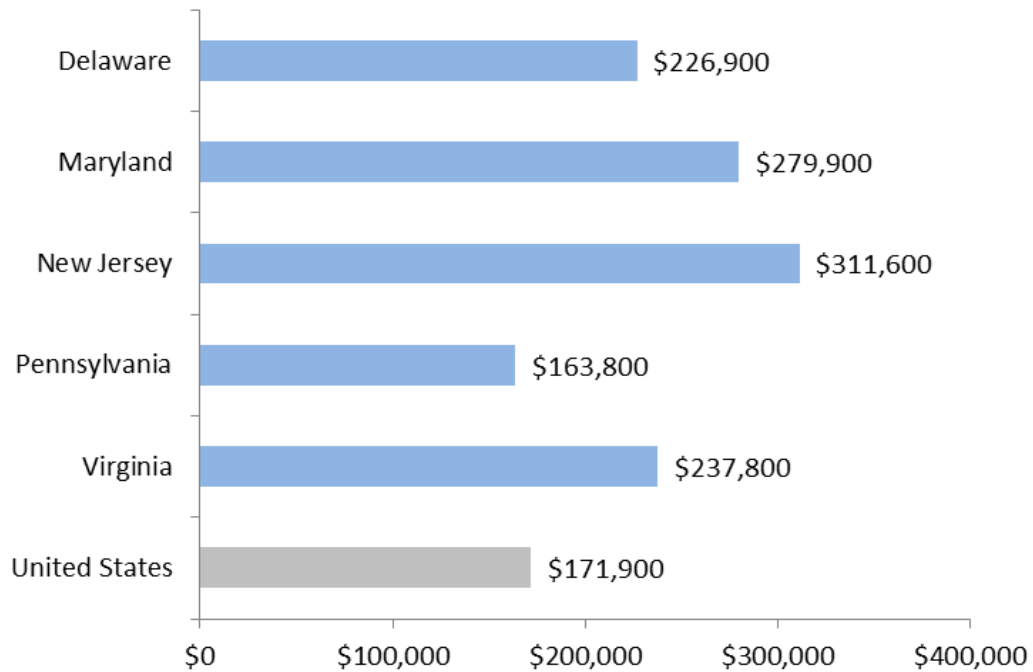
US 6.86

% DE/US- 24.20%-Higher

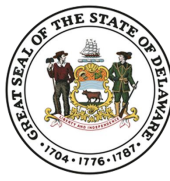
Source: EIA 2013



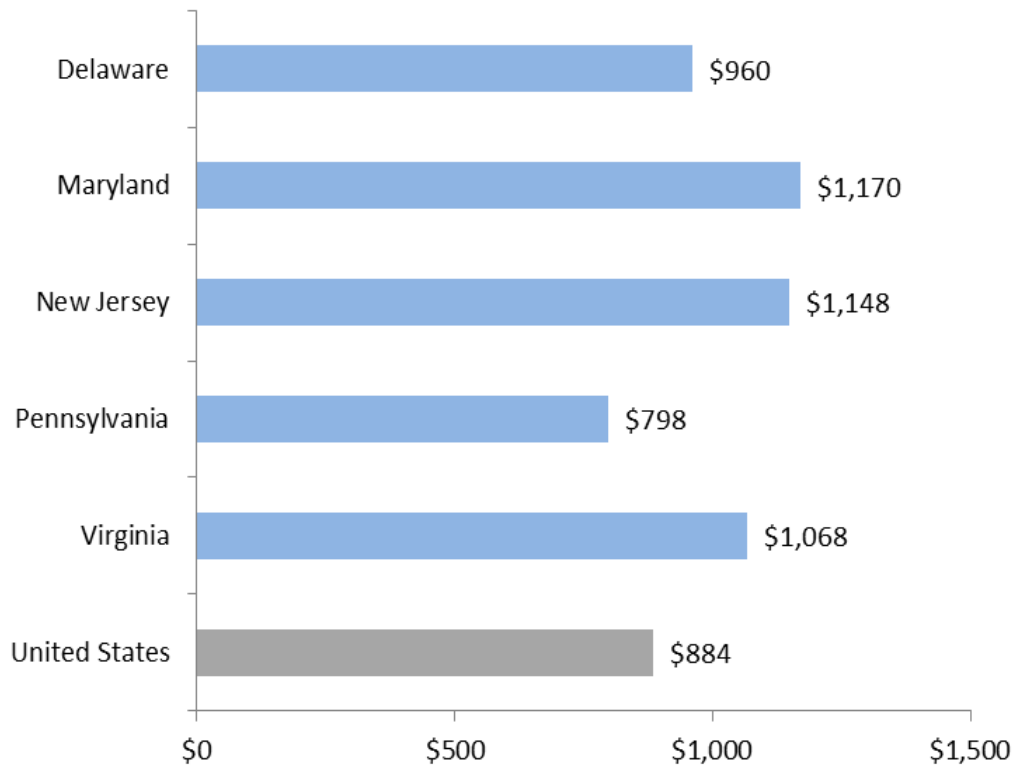
Housing Median Value of Owner-Housing Units 2012



Source: American Community Survey 2012



Housing Median Gross Rents 2012

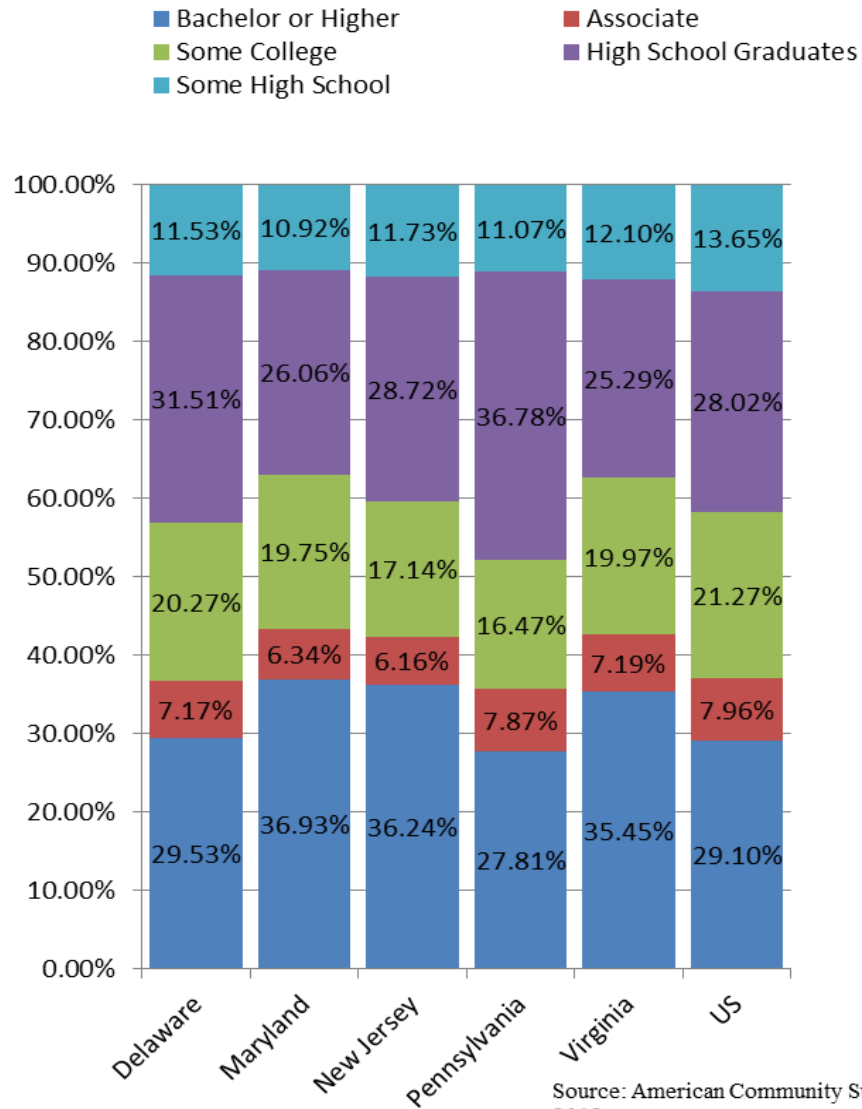


Source: American Community Survey 2012



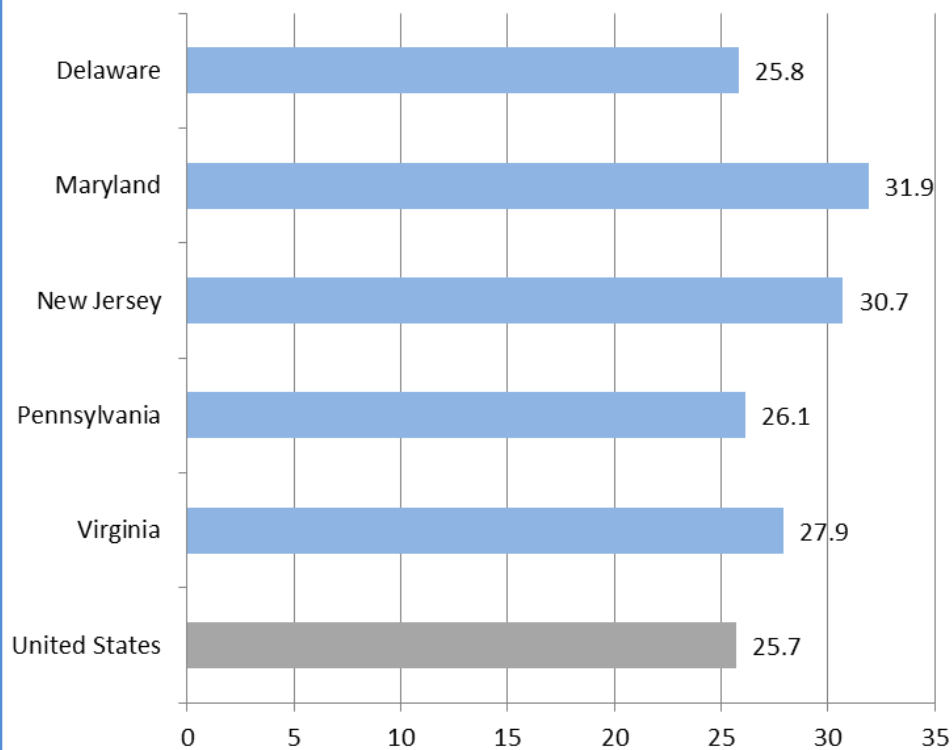


Educational Attainment 2012





Mean Travel Time to Work (minutes) 2012

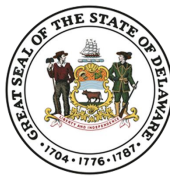


Source: American Community
Survey 2012

2014 State Business Tax Climate Ranking

Delaware	13
Maryland	41
New Jersey	49
Pennsylvania	24
Virginia	26

Source: The Tax Foundation 2013



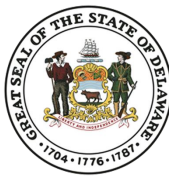
Appendix B

Priority Projects



Exploratory and Destination Station Center

Submitted by: Rehoboth Beach-Dewey Beach Chamber
of Commerce, Rehoboth Beach, DE



Exploratory and Destination Station Center

The Rehoboth Beach-Dewey Beach Resort region, as well as Sussex County, are growing in both year-round residents and visitation, which is creating a need to look at what facilities and attractions we can provide that will meet the demands of both. While the beach is the major draw for many months of the year, an attraction that encourages year-round visitation and provides job opportunities, much needed exhibit and gathering area, educational opportunities, and leisure fun will be in greater demand as the area growth continues. While the Resort is currently not seeing 52 weeks of visitation, the area sees heavy summer visitation and strong visitation 52 weekends.

The Exploratory and Destination Station Center project is a 501c3 non-profit organization founded by the Rehoboth Beach-Dewey Beach Chamber of Commerce. The Chamber is celebrating 75 years of service with a very strong and organized leadership based Board of Directors. This project will require specialized expertise of facility management, programming, marketing, and administrative execution. With the Chamber of Commerce as its founder, this project is geared to offer opportunity for entrepreneurs to showcase new product and for the project's partner, Junior Achievement of Delaware, to offer students hands-on experience and real-life opportunities for their future career. The Exploratory, in particular, will offer high-level technology and would open the door for both the private sector and universities to connect.

The Exploratory, with its innovation and technology as the centerpiece of Destination Station Center, will offer incentives for start-up business and can be a tool for attracting both national and international companies to Delaware.

The Rehoboth Beach-Dewey Beach Chamber of Commerce has a mission to “promote business, tourism and civic responsibility”. One of the best ways to promote business and tourism is to create an attraction that invites more visitation year-round, which places more feet on the street and provides more opportunity for businesses to “do business”. In addition, an attraction offering a gathering place for so many of our area school groups, non-profit organizations and civic groups fulfills the Chamber's mission and area need.

While the economic status in the local Resort area would be considered upper level, elementary schools indicate that the number of children qualifying for free breakfast and lunch programs is approximately one-half of registered students. The Exploratory at Destination Station Center will be geared to match school curriculum and be a destination for school trips within a two-hour radius.

This attraction would encourage and create more visitation, whether by motor coach, school bus or private vehicle on a year-round basis which can only grow business and create new jobs. The majority of Resort businesses are offering pay well in excess of minimum wage as an enticement to fill positions.



The Destination Station Center project will require professional salary experienced programmers, as well as technical, educational and entertainment expertise. The Chamber of Commerce alone has a membership of approximately 1,300 businesses with tens of thousands of employees. If visitation can be increased, those numbers will connect to an increase in the number of employees hired. A basic formula for every 1,000 employees, at a conservative 3% increase in hiring, would result in *30 new positions for every 1,000*.

If the Exploratory and attraction at Destination Station Center is created, it is projected that a minimum of 30 full-time jobs and 60+ part-time jobs, and/or hourly or contracted employees, will be needed to run the facility. The creation of new employment opportunities in the Resort will reach far beyond Destination Station Center's doors and into the business community.

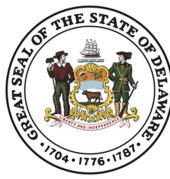
The Destination Station Center project has obtained a feasibility study which indicates it is viable and is market based. The project is not off the beaten path. Strategically located at the gateway to the "Nations Summer Capital", the Exploratory is perfectly situated to create a year-round market. The competitive strengths of the Rehoboth Resort area have an immediate built-in visitation opportunity. A project that increases year-round visitation will also create more overnight stays in the hotel/motel industry. The current 8% tax on each overnight stay will add additional funding for the State's general fund, the State's tourism fund, Sussex County tourism funds and beach replenishment.

The project has an associated transit hub that will encourage parking personal vehicles and utilizing the transit service for connection to the resort area. The City of Rehoboth Beach Comprehensive Plan also includes recognition of the need to encourage leaving and parking vehicles outside of the City limits and utilizing other modes of transportation.

A part of the DSC project includes a state of the art welcome center to assist visitors with directions, comfort services, reservation connections, and ticket sales and provide the business community additional opportunity to showcase their product.

Nationally, the visitors' "wish list" - from boomers to kids - includes something different, soft adventure, educational experience, and of course, fun. The "Exploratory" will make wishes come true –it is geared to be ever changing and fresh to encourage repeat visitation. The exhibits and programs will constantly offer new and revolving green and alternative energy business products and projects. The educational component of the project will work in partnership with organizations such as Odyssey of the Mind, Robotics, Junior Achievement and Science, Technology, Engineering and Math (STEM). Theatrical learning will be a part of programs, projects, tours and camps.

Tourism is the economic engine for Sussex County and the Resort area and is a leading industry in the State. Delaware State's Strategic Plan has identified the need for a man-made indoor attraction over many years. This has been identified because such an attraction connects



increased taxation, additional job growth, increased visitation, new educational opportunities, new business opportunities and stabilization through year-round growth of the area.

**Submitted by Carol Everhart, President/CEO
Rehoboth Beach-Dewey Beach Chamber of Commerce**



DESTINATION STATION CENTER EXPLORATORY

CAPITAL CAMPAIGN

FUNDING SOURCES

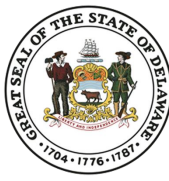
Land Acquisition – Current Memorandum of Understanding with State of Delaware for 1.75 acres and shared parking	\$ 0
Architectural fees	\$ 1,000,000
Construction costs (50,000 sq. ft. @ \$400 per sq. ft)	\$20,000,000
Furniture and Fixtures	\$ 500,000
Fundraising Campaign Costs	\$ 400,000
Sustainability (at 3 year point based on Feasibility Study)	\$ 400,000

GRAND TOTAL **\$22,300,000**

Government - Federal & State	\$ 2,500,000
Corporate	\$12,500,000
Foundations	\$ 2,000,000
Events	\$ 250,000
Individual Donations	\$ 500,000

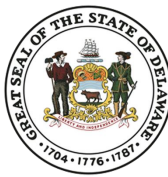
GRAND TOTAL **\$17,250,000**

As of 11/5/2014



STAR Campus Technology Incubator Project

Submitted by: Delaware Technology Park, Newark DE



STAR Campus Technology Incubator Project

Delaware Technology Park is part of Delaware's commitment to attracting both established and promising high technology companies. As a 501(c)(3) nonprofit corporation and collaboration of the State of Delaware, the University of Delaware and the private sector, it is a winning combination that provides a showcase for the area's commitment to fostering new and emerging business. By clustering these businesses in the same place, they can share services and resources while taking advantage of the benefits of a nearby academic community. To date, DTP has enabled approximately 16,000 new jobs within the park and the surrounding community with 54 companies as tenants in DTP and 30 companies spun out, and all began as start-ups. Over \$275 million has been invested in 5 buildings and equipment in DTP. Over \$310 million in federal and state grants have been won by DTP companies in the park and the Delaware Biotechnology Institute. The community impact of DTP and its spinouts is over \$100 million annually.

At the present time, DTP is at capacity with a waiting list. Concurrently, there is very limited affordable wet lab space in the region to support entrepreneur-led young STEM companies in growing their organizations or for conducting valuable proof of concept experiments needed to secure intellectual property and patents. Given the high level of demand and regional needs, DTP is seeking funding through the State of Delaware and the EDA to enable the completion of a 10,000 square foot wet lab incubator and accelerator support services for these high technology start-up companies.

The incubator will be located in highly desirable space on the Science Technology and Research (STAR) Campus and adjacent to the UD College of Health Sciences. The 70,000 square foot facility and surrounding campus is a repurposed Chrysler automobile manufacturing plant owned and under active development by Delle Donne & Associates with construction by Bancroft. Current and future tenants include but are not limited to University of Delaware's College of Health Sciences, retail businesses, medical offices, a major hotel chain and conference center and established companies including Bloom Energy. The vision for the wet lab incubator is a vibrant co-working environment that serves as a necessary catalyst for the region's lab-oriented STEM innovation ecosystem. With funding from EDA to supplement the State of Delaware's loan commitment, full build out of the labs and open design office space is scheduled for completion in 2015. DTP will master lease the physical incubator facility from Delle Donne and will also provide accelerator services to the tenants of the incubator, existing DTP tenants and other regional entrepreneurs.

Thirteen prospective high-potential companies have been identified for the incubator. These organizations have been vetted for fit with the ecosystem, ability for the technology to reach commercialization, potential scalability including economic development impact and growth potential. These Companies have formally expressed letters of support and interest. They represent a diverse group of technologies from university spinouts to new US ventures for European-headquartered companies and include biomarker discovery, epigenetics, diagnostics,



medical devices, clean energy, biopharmaceutical delivery systems and small and large molecule process separations. Prospective tenants are high technology focused with the potential to create high wage jobs as well as manufacturing facilities and necessary support services. Full capacity of the incubator is expected within three years to total 50 jobs. The jobs represent a blend of C level founders, lead scientists and technicians with an average salary of approximately \$100,000 per year. Additionally, the incubated companies will engage and employ University of Delaware students for graduate research, interns and part-time support staff. In several cases, the incubated companies will be new organizations or product extensions of existing companies that are located in or around Delaware Technology Park. Providing incubator space for these spinouts and product/service line extensions will help secure an estimated 500 jobs in existing companies with an average salary of \$75,000 per year. As companies leave the incubator, a robust pipeline of future tenants will continue to be developed and vetted by Delaware Technology Park leadership. Given the regional gap in affordable and available wet lab space for early stage companies, it is anticipated by local real estate experts that demand will continue to exceed supply over a five-year time horizon. Leases will be below commercial market rates in order to be affordable to start-up organizations and are attractive to prospects due to proximity to UD and lower rent (lease covers building shell costs, energy, utilities and maintenance). Relatively short-term leases will encourage tenants to move to larger commercial space in Delaware. Wet lab incubation space produces a multiplying economic development impact as companies graduate from incubation. These organizations have employees with high wage jobs and high levels of education and will further enhance surrounding businesses and support services. The past experience at DTP is that incubator space will likely turn over in leasing 3x over a ten-year period followed by geometric growth of each company on exit. New tenants start the process over again.

The wet lab incubator does not duplicate any other facilities currently available in either the private or the public sector; it would be unique in the State. The project clearly responds to a strong market demand for lab space and would capitalize on the State's and the University of Delaware's strength in the science and technology. This project engages the regional ecosystem and encourages and cultivates innovation and entrepreneurship. It serves as a model of effective government, academic and the private sector collaboration to advance, strengthen and diversify the regional economy with funding and technical support from all three sectors.

Submitted by: Delaware Technology Park, Newark DE



STAR Campus Incubator Project Sources and Uses of Funds

Overall Project Budget

Land and shell investments

Source: Delle Donne & Associates, Developer

Amount: \$14M

Wet lab/office build out --- 10,000 sq ft

Source: State of Delaware Strategic Fund

Amount: \$3M

STAR Campus wet lab incubator and accelerator space –

Project planning

Source: EDA Science and Research Park Development Grant

Amount: \$500,000

Accelerator services and office/co---working space furniture/electronics

Source: EDA i6 Challenge

Amount: \$500,000

Staff and expenses

Source: DTP

Amount: \$500,000

Laboratory equipment for shared usage

Source: VW&R

Amount: \$100,000